

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-57528; File No. SR-Phlx-2008-18)

March 19, 2008

Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change Relating to the Imposition of Fines for Minor Rule Plan Violations

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on March 12, 2008, the Philadelphia Stock Exchange, Inc. (“Phlx” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Phlx. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons and to approve the proposal on an accelerated basis.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to adopt Phlx Options Floor Procedure Advice (“OFPA”) F-35, Violations of Exercise and Exercise Advice Rules for Noncash-Settled Equity Option Contracts, to add a summary fine schedule for Expiring Exercise Declaration or Contrary Exercise Advice violations regarding noncash settled equity options.³ The Exchange also proposes to modify Phlx Rule 970, Floor Practice Advices: Violations, Penalties, and Procedures,⁴ to increase the

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ These declarations or advices indicate, among other things, whether at expiration the holder of an in-the-money noncash settled equity option intends to waive The Options Clearing Corporation’s (“OCC”) Exercise-by-Exception procedure or exercise the option. See Phlx Rule 1042.

⁴ Phlx Rule 970 sets forth the criteria for the imposition of fines (currently not to exceed \$2,500) on any member, member organization, or any partner, officer, director, or person

maximum permissible fine to \$5,000 for a violation of a Floor Procedure Advice. The text of the proposed rule change is available at the Exchange, the Commission's Public Reference Room, and <http://www.Phlx.com/exchange/phlx-rule-fil.htm>.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Phlx included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item III below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to (a) implement new OFPA F-35 to establish a fine schedule for contrary exercise advice violations, and (b) expand Phlx Rule 970 to allow fines not to exceed \$5,000, for the purpose of increasing and strengthening the sanctions imposed by the Exchange's Minor Rule Plan ("MRP"). The Exchange believes that establishing the specified fines with respect to individual members and member organizations with a 24-month rolling surveillance period should serve as an effective deterrent to such violative conduct. The Exchange also

employed by or associated with any member or member organization, for any violation of a Floor Procedure Advice, which violation the Exchange shall have determined is minor in nature (known as "Minor Rule Plan Fines"). The fines are imposed in lieu of commencing a "disciplinary proceeding" as that term is used in Phlx Rules 960.1-960.12. Such Minor Rule Plan Fines are subject to Rule 19d-1 under the Act. See Securities Exchange Act Release No. 45421 (February 7, 2002), 67 FR 6961 (February 14, 2002) (SR-Phlx-2001-114).

